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March 21, 2006

VIA ELECTRONIC FILING

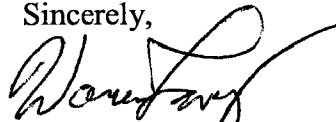
Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**RE: Ex Parte Filing in
WC Docket No. 06-30 (Auction 66 Procedures)**

Dear Ms. Dortch:

On March 21, 2006, Robert C. Marshall, Professor of Economics at Pennsylvania State University and a partner at Bates White, LLC, sent the attached memorandum to Leslie M. Marx, the Chief Economist of the FCC by email. The memorandum discusses the economic implications of rules regarding disclosures during Auction 66.

Sincerely,



Warren G. Lavey

Counsel for U.S. Cellular

Memorandum

To Leslie M. Marx, Chief Economist
Company FCC
From Robert C. Marshall, Partner
Date March 21, 2006
Re Proposed Amendment to FCC Rule on Disclosures for Auction 66

U.S. Cellular has asked me, as a partner in Bates White, LLC, to consider the FCC's proposal for Auction 66 and offer potential comments to the FCC in this regard. Note that I am also a Professor of Economics at Penn State University and co-Director of the "Center for the Study of Auctions, Procurements, and Competition Policy" at Penn State.

In response to the FCC's proposal on disclosures for Auction 66, I advocate an amendment that would allow for disclosure of some information on bidder identities during the auction. This disclosure will provide bidders with important information regarding roaming and technology compatibilities of adjacent bidders, and will enhance the efficiency of the ultimate allocations of spectrum.

In the past, at the end of each round of bidding at spectrum auctions, the FCC revealed all provisional losing bids and the identities of all bidders who had submitted those bids, as well as the provisional winning bid and the identity of the provisional winning bidder. For Auction 66, the FCC proposes to suppress almost all of this information. Under this proposal for Auction 66, at the end of each round of bidding, only the current high bid will be revealed, not the identity of the provisional high bidder. In addition, neither provisional losing bids nor the identities of bidders who submitted provisional losing bids will be revealed.

This proposed rule change is rooted in the economic theory of collusion at auctions. Collusion is easier to sustain at auctions when bidders can monitor the actions of co-conspirators and react in real time to deviant behavior. In addition, collusion is easier to sustain if information is made available during the course of the auction so that bidders can "signal" one another.

There is a concern, however, that eliminating all information about bidder identities between rounds of bidding will encumber the ultimate efficiency of spectrum allocations. During any given auction, it is my understanding that bidders carefully monitor the identity of firms bidding on geographically adjacent spectrum for efficiency-enhancing reasons. If a firm wins geographically adjacent spectrum that does not use compatible technologies, then it is my

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understanding that customers will be adversely impacted by interference on the geographic boundaries. Also, roaming, which customers value highly, will be negatively impacted.

I propose a compromise solution that addresses the FCC's concern about potential bidder collusion and allows telecommunications providers to obtain critically important information as to whether a technologically incompatible firm will win geographically adjacent spectrum. Specifically, if the FCC reveals some information on bidder identities during the auction—such as the identity of the provisional winning bidder each round—as well as the amount of the bid of the provisional winning bidder, then telecommunications providers will have access to important information that will enhance the efficiency of the ultimate allocation of spectrum. It seems to me that this strikes the right balance.

I am hopeful that the FCC will recognize that in the absence of any specific empirical evidence regarding the tradeoff between potential collusion and the efficiencies of technological compatibility on region boundaries, that disclosure of some information on bidder identities during the auction should be adopted.

Thank you for your thoughtful consideration.

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